GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:254
ANSWERED ON:07.03.2003
LOSSES IN STC
NIVEDITA MANE

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

:

(a) whether State Trading Corporation (STC) has incurred huge losses during the third quarter of 2002-2003;

(b) if so, the details thereof and the reasons for such losses; and

(c) the specific steps taken/being taken by the Government to improve the performance of STC?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY)

(a) to (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO(c) OF LOK SABHA STARRED QUESTION NO. 254 FOR ANSW ON 7TH MARCH, 2003 REGARDING LOSSES IN STC

(a) Yes, Sir.

(b) As per un-audited financial results for the third quarter of the year 2002-03, STC incurred a loss of Rs. 10.09 crore.This was 32% lower compared to an average loss of Rs. 14.78 crore during each of the first two quarters of the financial year. The loss was mainly due to proportionate amortization of Rs. 3.08 crore towards Voluntary Retirement Scheme (VRS) expenses and Rs. 4.83 crore towards diminution in the value of investments made by the Corporation in US-64 units.But for these prior period accounting entries, the loss during the third quarter was only Rs. 2.18 crore. Other reasons contributing to the loss include non-payment of dividend on US-64 units by UTI resulting in a loss of about Rs. 2 crore in one quarter and significant decline in the interest rates leading to lower interest income.

(c) STC has taken new trade initiatives which include import of raw sugar, edible oils, kerosene oil and non-ferrous metals; and export of wheat to Iraq and rice to Philippines. It has also reduced costs by rationalization of branch offices, closure of Dubai foreign office, reduction of manpower through VRS and control of overheads.